

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 327

BY WAYS AND MEANS COMMITTEE

AN ACT

RELATING TO EXEMPTIONS FROM PROPERTY TAXATION; AMENDING SECTION 63-602D, IDAHO CODE, TO REVISE THE DEFINITION OF "HOSPITAL" AND TO PROVIDE WHEN HOSPITALS AND REFUGE HOMES ARE EXEMPT FROM PROPERTY TAXATION; DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 63-602D, Idaho Code, be, and the same is hereby amended to read as follows:

63-602D. PROPERTY EXEMPT FROM TAXATION -- CERTAIN HOSPITALS. (1) For the purposes of this section, "hospital" means a hospital as defined by chapter 13, title 39, Idaho Code, and includes ~~one (1) or more~~ an acute care, outreach, satellite, outpatient, ancillary or support facilities of such hospital whether or not any such individual facility would independently satisfy the definition of hospital facility that has an emergency room, surgery facilities and facilities for patients to stay overnight.

(2) The following property is exempt from taxation: ~~the real property owned and personal property, including medical equipment, owned or leased by a hospital corporation or a county hospital or hospital district which is operated as a hospital and the necessary grounds used therewith hospitals and refuge homes, their furniture and equipment, owned, operated and controlled, and medical equipment leased by any religious or benevolent corporation or society with the necessary grounds used therewith and from which no gain or profit is derived by reason of their operation.~~

~~(3) If real property, not currently exempt from taxation, is being prepared for use as a hospital, the value of the bare land only shall be taxed while the property is being prepared for use as a hospital. All improvements to and construction on the real property, while it is being prepared for use as a hospital, shall be exempt from taxation. For purposes of this section, property is being "prepared for use as a hospital" if the corporation has begun construction of a hospital project as evidenced by obtaining a building permit that will, on completion, qualify such property for an exemption and, as of the assessment date, has not abandoned the construction. Construction shall not be considered abandoned if it has been delayed by causes and circumstances beyond the corporation's control or when delay is caused by an event that has occurred in the absence of the corporation's willful neglect or intentional acts, omissions or practices engaged in by the corporation for the purpose of impeding progress. Notwithstanding the foregoing, in no event shall improvements to property that is being prepared for use as a hospital qualify for an exemption from ad valorem property tax under this subsection for more than three (3) consecutive tax years; upon completion of construction and obtaining a certificate of occupancy, the entire real property shall be exempt from taxation if the corporation meets the requirements~~

1 of subsection (4) of this section; provided, property already exempt or el-
 2 igible for exemption shall not be affected by the provisions of this subsec-
 3 tion.

4 ~~(4) The corporation must show that the hospital:~~

5 ~~(a) Is organized as a nonprofit corporation pursuant to chapter 3, ti-~~
 6 ~~tle 30, Idaho Code, or pursuant to equivalent laws in its state of incor-~~
 7 ~~poration;~~

8 ~~(b) Has received an exemption from taxation from the Internal Revenue~~
 9 ~~Service pursuant to section 501(c) (3) of the Internal Revenue Code.~~

10 ~~(5) The board of equalization shall grant an exemption to the property~~
 11 ~~of: (a) a county hospital; (b) a hospital district; or (c) any hospital cor-~~
 12 ~~poration meeting the criteria provided in subsection (4) of this section.~~

13 ~~(6) If a hospital corporation uses property for business purposes from~~
 14 ~~which a revenue is derived which is not directly related to the hospital cor-~~
 15 ~~poration's exempt purposes, then the property shall be assessed and taxed~~
 16 ~~as any other property. If property is used in part by a hospital corpora-~~
 17 ~~tion for such purposes, then the assessor shall determine the value of the~~
 18 ~~entire property and the value of the part used that is not directly related to~~
 19 ~~the hospital corporation's exempt purposes. If the value of the part which~~
 20 ~~is not directly related to the hospital corporation's exempt purposes is de-~~
 21 ~~termined to be three percent (3%) or less than the value of the entire prop-~~
 22 ~~erty, then the property shall remain exempt. If the value of the part which~~
 23 ~~is not directly related to the hospital corporation's exempt purposes is de-~~
 24 ~~termined to be more than three percent (3%) of the value of the entire prop-~~
 25 ~~erty, then the assessor shall assess the proportionate part of the property,~~
 26 ~~including the value of the real estate used for such purposes.~~

27 ~~(7) A hospital corporation issued an exemption from property taxation~~
 28 ~~pursuant to this section and operating a hospital having one hundred fifty~~
 29 ~~(150) or more patient beds shall prepare a community benefits report to be~~
 30 ~~filed with the board of equalization by December 31 of each year. The report~~
 31 ~~shall itemize the hospital's amount of unreimbursed services for the prior~~
 32 ~~year (including charity care, bad debt, and underreimbursed care covered~~
 33 ~~through government programs); special services and programs the hospital~~
 34 ~~provides below its actual cost; donated time, funds, subsidies and in-kind~~
 35 ~~services; additions to capital such as physical plant and equipment; and~~
 36 ~~indication of the process the hospital has used to determine general commu-~~
 37 ~~nity needs which coincide with the hospital's mission. The report shall be~~
 38 ~~provided as a matter of community information. Neither the submission of~~
 39 ~~the report nor the contents shall be a basis for the approval or denial of a~~
 40 ~~corporation's property tax exemption.~~

41 SECTION 2. An emergency existing therefor, which emergency is hereby
 42 declared to exist, this act shall be in full force and effect on and after its
 43 passage and approval, and retroactively to January 1, 2011.